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MUNICIPAL OWNERSHIP

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Mayor of Cleveland.

Fellow Mayors and Delegates: I have so much respect for the office of Chairman, a function which is largely confined to the introducing of other persons who are to speak, that I have refrained from preparing an address which I could read, introducing the theme of the discussion this morning.

There are, however, a few reflections, which may not be inappropriate for me to venture to you before calling upon those who are to read papers and participate in the serious discussion.

In the first place I want to point out what I believe to be true, that the movement for municipal ownership in the United States is the direct and immediate fruit of the misconduct of privately owned public utilities. That is not true so largely in Europe, as it is in this country. In Europe the movement for municipalization of city public utilities, and nationalization of state public utilities, has had a somewhat different origin. All of us, I think, will recall that immediately upon the conclusion of the Franco-Prussian war, when Prince Bismarck was thinking of some sort of cement that would hold the new German empire together, the first domestic policy propounded by him was the nationalization of the imperial railroads. He wanted the German government to have control of the largest sum of ready money daily coming in over the counter that there was in the Empire. He wanted to relieve, to some extent, the rate payer who would be burdened by very heavy exactions for national purposes of one sort and another and so without infringing upon the discussions which we will hear from Mr. Howe as to how European municipal ownership was brought about, I think I may venture my own opinion that the movement for municipal ownership in European cities generally was, in part at least, perhaps in larger part inspired by the desire to find sources of municipal revenue which would relieve the general taxpayer, or at least exonerate him for local purposes, and free his shoulders to bear the

*Remarks as Presiding Officer, Session of Saturday Morning, November fourteenth.

burden of national taxation which everybody foresaw would necessarily be serious.

In our own country, we had an entirely different attitude. We had a raw continent to study and exploit here, and we developed a set of men who were exploiters of that continent, who were captains of industry and whose success was not achieved by observance of the Ten Commandments. Their rough work succeeded and was very showy!

We came to have a sort of vulgar worship of success in the United States. Men who were able secured either from the general or state government or through the municipal government the grant of great privileges, out of which they could make great fortunes, and dazzled by their unprecedented riches we looked upon them as the highest development of American initiative. It was at least one instance, although not the only instance in history, in which a people, between the Golden Calf and the Ten Commandments, were led to worship the Golden Calf. We came to a very sudden awakening on that subject. Some ten or twelve years ago, it was considered that the American city was the American failure.

Mr. James Bryce, in his *American Commonwealth* said it was too soon, even yet, to tell whether America's experiment in democratic institutions and self-government would succeed, and that, if it went to pieces at all, it would go to pieces upon the rock of a corruption and degradation of the American city, which showed the incapacity, apparently, of the American people to govern themselves.

While much work has been done by the American city, I doubt whether anybody ever opened so deep a mine or ever performed so great a service for American cities, as was done by Lincoln Steffens in his series of articles on "*The Shame of the Cities*." He hurt our pride, he stung our self-esteem, he exhibited us at our very worst, he made even the shameless ashamed, and when those articles were read and digested in America, *Pilgrim's Progress* was used to find a new name for the work that Lincoln Steffens started to do, and the muck raker became a familiar figure among us. America, showing her enterprise and her capacity, shook herself together for a new city régime as an answer to the challenge.

The instant result of inquiry was that all sincere and fair observers put their fingers upon the public utilities corporations in the city as at least the greatest contributing cause of the corruption of the American city.

I hope I am not speaking with the slightest danger of being suspected of local reference. I wish I might have that feeling. The fact, however, is that practically every state legislature in this country and practically every city council in this country, was either corrupted, or under very grave suspicion. In the state of Ohio, in which I now live, and to which my loyalty is unbounded, we had a legislature in my early residence there, which we called "The Garbage Legislature." Men trafficked in votes upon legislation in the lobby of a hotel immediately across from the State House, and men were heard to weep and complain because the amount they had gotten for their vote was less than some associate legislator had gotten for his; while in our city council men with ropes sat in the galleries and even then were scarcely able to exert the purifying force of an indignant and aroused public opinion sufficiently to prevent the traffickers in city franchises for public utilities from selling out the inheritance of future generations. That is in very large part destroyed now.

There is no revolution that I know of in the American nation so complete, so adequate, and so wholesome as that which has banished the crass forms of corruption from American municipal councils. As one looks over the life of the American city now, we see that sort of brutal corruption is sporadic where it exists at all, is unusual and under severe condemnation. There is not the sort of tolerant attitude toward it that there used to be. The corrupt are no longer content, and the shameless are at least ashamed when that sort of thing is now discovered.

One of the immediate resorts of those who felt the corruption of the American city most keenly, and saw its causes most clearly, was an advocacy of the philosophy, as they called it, of municipal ownership, the idea being that the granting of great privileges for the operation of public utilities in public property inevitably tended toward corruption, and that the answer was to assimilate our practice to the experience of Europe by municipally entering upon these projects.

As this expedient, municipal ownership, was an answer to a hitherto corrupting policy, municipal ownership began to have a certain moral quality in the eyes of those who advocated it in the early day. Men who were for municipal ownership were thought to be for honest municipal government, while men who were opposed

to municipal ownership were said to be opposed to honest municipal government and in favor of brutal and gang rule. That led, to some extent, to a premature indulgence, in certain communities, in municipal ownership enterprises. By that I mean indulgence in such enterprises, where the state of the public mind, outraged and aroused at previous abuses, was not yet adequately aroused to a long sustained effort of observation, constancy and care in the management and control of those undertakings.

So there came in our early history of municipal ownership a number of experiments which are regarded with great glee, by the present opponents of the policy, as failures. For that reason I am very anxious to insist, if I can, upon the view, that municipal ownership is not a philosophy, that it is not a question of morality, that it is neither good nor bad in itself, but that it is a question of social organization, a question of economic policy, a question of large expediency.

Whether municipal ownership is the proper answer to meet the utility problem in a particular place, at a particular time, must be determined not by any abstractions on the subject, but by a consideration of all the elements that enter into the making of that particular problem at that place.

One thing that the policy of municipal ownership in any city requires is that people shall comprehend it and shall be willing to sustain the conflict.

The whole controversy has now come, I think, to this state, that the privately owned public utilities are banded together to maintain the *status quo*. By that I mean that they have in large part abandoned the idea that they can secure extortionate and exorbitant grants from the public now, but the combined efforts of the privately owned public utilities companies in this country are exerted in the direction of maintaining what they have already secured. They now would, I think, be perfectly willing and perfectly satisfied to have practically every city in the country take over for public management the public utilities if they would pay them the face value of their claims, for what they have already secured. They would be willing to sell us their plants and their sins, if we would buy both. The difficulty with the situation is that we want to buy their plants and do not want to buy their sins. The consequence of that is, there is a highly confederated, expertly

organized, skillfully managed combination among the privately owned public utilities of this country to pervert and mislead and strangle public opinion on the subject.

I do not want to deal in general terms. I like to be specific about the things I am talking about. There are a number of magazines in this country which are either owned or controlled, or the directorates of which are interlocked with the directors of public utilities companies, in such a way that they are the organs of the private interests in this controversy.

It is a somewhat interesting spectacle to find that gentlemen owning, privately, public utilities now regard themselves by some sort of divine commission as the custodians and guardians of our morality and politics as citizens of a city, but that is the attitude they do adopt. They hire practically everybody who can captivate the public imagination in any way, and will sell his talents.

I happen to have here a paper *Concerning Municipal Ownership* which is published by a company otherwise anonymously known as the Municipal Ownership Publishing Company. The particular contributor to this so far as I am able to discover is a man who has made a most desirable reputation in American literature as a graceful, amusing, entertaining and until quite recently I supposed a straightforward writer. His contributions to this paper are as shameless an exhibition of the barter of high talents in a bad cause as I have ever seen anywhere. This author recently published an article on tadpoles in one of the numbers of this magazine, in which he made the statement that in the city of Cleveland's municipal electric light plant, they had used a cooling water pond to condense steam, which pond had become infected with tadpoles, and that in order to rid the pond of those tadpoles, sulphate of copper or something of the sort had been put in the pond to kill them, but that it had corroded the machinery of the plant at the same time, to such an extent that the entire investment in that plant was lost, showing a monumental sacrifice to the lack of skillful city management involved in municipal ownership. There is absolutely not one word of truth in this. There were tadpoles in the pond, and they were successfully killed, but the machinery is still operating and the plant, which he regards as a monumental failure of municipal ownership, was the nucleus and the inspiration of a plant very much larger in its cost and in its possibilities, which has today established

a maximum rate of three cents and a minimum rate of one cent for current sold for light or power in Cleveland under municipal ownership and management. Now, this author knows that they have a mayor in Cleveland, and he knows that it is not very far from New York to come to Cleveland and I make bold to say that a man of his reputation, who has secured a hearing in honest ways and who prints such misleading information to beguile the foolish about public questions, is faithless to the traditions of his high literary calling. It was a part of his burden as an author to ascertain the facts before he undertook to print anything on the subject. I do not know how much he is paid, but I know that if his pay, as is usual in such cases, is in an inverse ratio to the straightforwardness of his performance, he ought to be getting very rich.

In addition to that, the adversaries of municipal ownership are claiming that municipal utilities, public utilities, ought not to be in politics. I have had thirteen years of perfectly joyous experience on that subject. I have been for thirteen years combating public utilities in the city of Cleveland. Every campaign in those thirteen years, no matter how remote its issues might be from public utilities questions, found the forces of the public utilities very actively engaged in politics. They have a keen scent and a long sight for their interests.

I want to hold out this answer to those who fear political activity in municipal ownership: that open activity is better than secret political activity; that it is better to have our adversary out in the field where we can see him and fight him than to have him hiding behind ledgers and books that are closed accounts to public inspection, and where we never know the extent or the character of the forces we are fighting.

The question of municipal ownership is open for your discussion. I do not believe it to be a philosophy; I think it to be an expedient; I think that the progress of the movement in the future in this country is going to be very much more rapid than it has been in the past. I think one of the most important things for us as mayors and delegates and public spirited citizens to do, is to act in concert on some measures if we can, to prevent the spread of mis-information on this question so that when any question comes to be determined, or any problem to be solved, it may be in the glacial atmosphere of the kind of "facts" which Mr. Brandeis said yesterday was necessary for the predication of any sound judgment.